



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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WILLIAM T FUJIOKA  
Chief Executive Officer

August 2, 2010

To: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**BUILD AMERICA BONDS: STATUS UPDATE**

On June 22, 2010, your Board directed my office to investigate whether Build America Bonds contain any hidden or unforeseen costs. In response to your Board's direction, we are working with the Treasurer's Office to complete this investigation.

The Build America Bonds (BABs) are taxable bonds that were authorized under the American Recovery and Reinvestment Act of 2009 for state and local governmental purposes. To date, nearly \$104.0 billion in BABs have been issued by state and local governments. Our initial analysis indicates that average underwriting fees for BABs did exceed the average fees applied to tax-exempt bond issues by \$2.00 to \$2.50 for each \$1,000 in bonds through July, 2009. Since that time, the spread between underwriting fees applied to BABs versus tax-exempt bonds declined to nearly zero by January, 2010. Subsequent to January 2010, the spread has fluctuated between zero and \$1.00 per \$1,000 in bonds.

We are continuing to receive and analyze data and expect to have a final report prepared for your Board by September 15, 2010. It should be noted that if the deadline for Build America Bond issuance is not extended by Congress, BABs may no longer be a viable security for the County.

Should you have any questions regarding this matter, your staff may contact Peter Burgis at (213) 974-1417.

WTF:BC:SK  
DJT:PB:zu

c: Executive Office, Board of Supervisors  
Treasurer and Tax Collector

K:2010Word/FAM/CP/build America bonds fee status memo